

SHARE VALUATION REPORT TO THE BOARD OF DIRECTORS OF BROWN BEACH HOTELS PLC

13th November 2025
BDO Partners

PRIVATE AND CONFIDENTIAL





13th November 2025

The Board of Directors,
Browns Beach Hotels PLC,
No. 315,
Vauxhall Street,
Colombo 2,
Sri Lanka.

Dear Board members,

PROVISION OF CONSULTANCY SERVICES ON CONDUCTING SHARE VALUATION SERVICES FOR BROWNS BEACH HOTELS PLC.

We are pleased to submit the final report on the share valuation of Browns Beach Hotels PLC, in terms of the letter of engagement dated 17th September 2025.

Yours truly,


BDO Partners
CHARTERED ACCOUNTANTS

SR/cc

Tel : +94-11-2421878-79-70
+94-11-2387002-03
Fax : +94-11-2336064
E-mail : bdopartners@bdo.lk
Website : www.bdo.lk

Chartered Accountants
"Charter House"
65/2, Sir Chittampalam A Gardiner Mawatha
Colombo 02
Sri Lanka

Partners : Sujeewa Rajapakse FCA, ACCA, FCMA, MBA. Ashane J.W. Jayasekara FCA, FCMA (UK), MBA. H. Sasanka Rathnaweera FCA, ACMA. F. Sarah Z. Afker FCA, FCMA (UK), CGMA, MCSI (UK).
Dinusha C. Rajapakse FCA, LLB (Hons)(Colombo), CTA, Attorney at Law. Nirosha Vadivel Bsc (Acc), ACA, ACMA. R. D. Chamika N. Wijesinghe FCA, BBA (Acc.) Sp. H. M. R. Thilina Ranaweera FCA, BBA (Acc.) Sp.

BDO Partners, a Sri Lankan Partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

LEGAL NOTICE

This report has been prepared by BDO Partners (“BDO”) to assist the management of Browns Beach Hotels PLC (Here in after may be referred to as “BBH”) in determining the share value of BBH.

This report is based on the representations made during discussions with the management, draft financial statements as well as information and documents compiled and provided by BBH and its representatives. Additionally, the report relies on publicly reported information, including audited financial statements, data available from the Colombo Stock Exchange, and other publicly accessible information concerning BBH.

This report is provided, subject to the following understandings.

1. The management of BBH has made available to BDO all material information, and all the information provided is up to date.
2. All reports, financial documentation, and other information are correct and accurate in all material respects.

BDO has not undertaken any independent enquiries or audits to verify that the information provided is correct and has not conducted any type of audit of BBH records to verify that all material documentation has been provided.

BDO has not verified the forecast provided by the management, which has a significant bearing on the valuation results. As such, management is responsible for achieving results at or better than the forecast and if management fails to do so, BDO cannot be held responsible.

A draft of this report was provided to the management of BBH along with a request to confirm that there are no material factual errors or omissions in the report and that the assumptions and information in the report are

factually appropriate in so far as they relate to matters that are privy to the directors in their capacity as members of the board of the company. Confirmation of these terms and ratification of the report by the board have been provided in writing and has been relied on by BDO.

The value recommendations made herein are valid up to 06 months from the report date, subject to there being no material changes to the operating environment or business models of BBH. The use of the value recommendation in this report after 06 months from the report date is not recommended.

Neither BDO nor any individuals involved in the preparation of this report have any material interest in or have any financial connection with BBH. BDO is remunerated for this report by way of a professional fee determined in accordance with BDO’s standard schedule of rates which is not contingent on the outcome of this report.

BDO possesses the resources with the necessary skills and competencies to perform an independent evaluation of a company and make an appropriate fair value recommendation to the Board of Directors.

DEFINITIONS, ABBREVIATIONS AND GLOSSARY OF TERMS

Abbreviation	Meaning
ARR	Average Room Rate
ASHH	Aitken Spence Hotel Holdings PLC
BBH	Browns Beach Hotels PLC
BDO	BDO Partners
CBSL	Central Bank of Sri Lanka
CF	Cash Flow
CSE	Colombo Stock Exchange
DCF	Discounted Cash Flow
DF	Discount Factor
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation & Amortisation
EV	Enterprise Value
FCFF	Free Cash Flow to Firm
FV	Fair Value
FY	Financial Year
G	Growth
GP	Gross Profit
Ke	Cost of Equity
LKR	Sri Lankan Rupees
Mn	Million
NBR	Negombo Beach Resorts (Private) Limited

Abbreviation	Meaning
NP	Net Profit
PE	Price to Earnings Value
PPA	Power Purchase Agreement
PV	Present Value
VWAP	Volume Weighted Average Price
YOY	Year over Year

EXECUTIVE SUMMARY

This report presents the share valuation of Browns Beach Hotels PLC (Hereinafter referred as “BBH”) as of 30th June 2025, to assist the management in determining the share price for internal decision-making purposes in relation to delist from the CSE.

The valuation is based on a comprehensive analysis of various information sources, including:

- Audited financial statements of BBH & NBR from financial year 2020/21 to 2024/25.
- Financial statements of BBH & NBR as of 30th June 2025 provided by the management of BBH.
- Forecasted Income Statement for FY 2025/26 to FY 2030/31.
- Forecasted Capital Expenditure for FY 2025/26 to FY 2030/31.
- Assumptions given by the management of BBH.
- Relevant industry publications, press releases, and publicly available information in the CSE.

Valuation Methodology

In accordance with the CSE Delisting rules, the following methodologies have been used in conducting the share valuation of BBH.

- Intrinsic Valuation - Discounted Cash Flow Method
- Relative Valuation - EV/EBITDA Multiple
- VWAP Valuation - Volume Weighted Average Price

Under the Intrinsic Valuation Approach, value was estimated using the Discounted Cash Flow (DCF) method. We applied projected future cash flows (as provided by management) and discounted them using an appropriate discount rate to arrive at the share value of BBH. Because the company primarily generates revenue in LKR, an LKR-based discount rate was used.

Under the Relative Valuation Approach, we used the Enterprise Value/EBITDA multiple method. We applied relevant market multiples drawn from comparable publicly traded companies in order to derive a share value for BBH.

Under the VWAP Valuation Approach, we analysed the actual trading history of BBH:N0000 over the period 1st July 2024 to 30th June 2025 and computed the volume-weighted average price (VWAP) for that period.

EXECUTIVE SUMMARY (CONTD.)

Value Recommendation

Valuation Results - as of 30th June 2025

Summary of equity valuation results of BBH as of 30th June 2025 is as follows.

Pricing Analysis Summary		
As of 30th June 2025,	Abbreviation	Per Share Value
Methodology		
Intrinsic Valuation	DCF	-
Relative Valuation	EV/EBITDA	20.89
Volume Weighted Average Price	VWAP	18.58

The above valuation results have been prepared under the assumption the Company continues in going concern as per the Managements comment that it is “a transitional phase, relying heavily on stakeholder support while implementing operational improvements to achieve sustainable profitability”.

Further, as of 30th June 2025, the Net Asset Value of Browns Beach Hotels PLC (Group) and Negombo Beach Resorts (Private) Limited, are negative. However, it is assumed that there is an intangible positive inherent value which is not represented in the Balance Sheets.

EXECUTIVE SUMMARY (CONTD.)

Disclaimer

This report is subject to the following,

1. BDO has been appointed by BBH as the financial advisor to assist the management determine the share value of BBH and its subsidiary, NBR, for internal decision-making purposes, specifically in relation to for the proposed delisting of the company from the CSE. BDO's role will be limited to preparing the valuation reports on your behalf, based on information provided by you. Appropriate disclaimers and limitations of liability will be included in the reports.
2. BDO will not be providing any recommendations. All decisions, including but not limited to matters concerning the share price, will remain entirely under your control and responsibility.
3. BDO's work will rely primarily on information and inputs supplied by you, together with published and secondary sources that we consider credible and reliable. BDO will not be responsible for any errors, omissions, or inaccuracies in the data provided.
4. The procedures performed will not constitute an audit, and accordingly, no assurance opinion will be expressed.
5. BDO will review projected financial and commercial information only to assess the potential business impact. BDO will not independently verify or comment on the appropriateness of the underlying assumptions or data, nor will BDO provide legal or tax opinions.
6. As the projections and strategies relate to future events, actual results may differ significantly from the assumptions due to unforeseen circumstances. Such differences may be material. In performing this engagement, BDO will rely extensively on technical, financial, and other information made available to us by you, your team, and any other nominated parties.

It should be noted that the management is responsible for achieving the results at or better than the financial forecast and BDO will not assume any responsibility in case management fails to do so. The executive summary should be read in conjunction with the other sections of this report.

TABLE OF CONTENTS

01	SCOPE AND PROCESS	9
02	ECONOMIC & INDUSTRY ANALYSIS	14
03	BACKGROUND TO THE COMPANY	19
04	INTRINSIC VALUATION	23
05	RELATIVE VALUATION	36
06	VOLUME WEIGHTED AVERAGE PRICE	39
07	LIMITATIONS	42
08	CSE DECLARATION	44
09	APPENDICES	47



SECTION 1
SCOPE AND PROCESS

1.1 SCOPE OF WORK

We performed the following procedures under this engagement to determine the share valuation of BBH as of 30th June 2025. (“Valuation Date”).

Procedures that were performed in this engagement include the following.

1. Performed equity valuation based on the following valuation methodologies:

- Intrinsic Valuation - DCF
- Relative Valuation - EV/EBITDA
- VWAP Valuation - VWAP

2. Preparation of a share valuation report.

This report was prepared to determine the share value of BBH and has been prepared solely for the use of the addressee of the document for the intended purpose. For the avoidance of doubt, our services are only for use by the addressee to this document for the intended purpose and the disclosure of any BDO report to any third party or making representations to such parties with respect to the nature of work or role of BDO should only be with the written consent of BDO and where appropriate, return of a signed hold harmless letter to BDO.

Regardless of any consent given for the third-party release of the BDO report, it should be noted that BDO shall not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come. If any other third party chooses to rely upon any of the contents of this report, they may do so at their own risk. BDO expressly disclaims all liability for any loss or damage of whatsoever kind which may arise from any person acting on any information and opinions relating to the entity covered in this report.

1.2 SOURCES OF INFORMATION

During our work, we have relied on data and information made available to us through different sources, including forecasted financial information obtained from BBH, sector-specific information obtained from the public domain, and financial & industry sources. The principal sources of information provided to us by management include:

- Audited financial statements of BBH & NBR from financial year 2020/21 to 2024/25.
- Financial statements of BBH & NBR as of 30th June 2025 provided by the management of BBH.
- Forecasted Income Statement for FY 2025/26 to FY 2030/31.
- Forecasted Capital Expenditure for FY 2025/26 to FY 2030/31.
- Assumptions given by the management of BBH.
- Relevant industry publications, press releases, and publicly available information in the CSE

Where we have done the analytical procedures based on the information supplied to us and should be regarded as illustrative, such analysis is necessarily subjective. Further, we wish to note other limitations of our work undertaken as stated below:

- In carrying out this assignment, we have performed reasonable analysis and assessments that were possible and practical within the time available and as of the date of this report.
- Neither BDO nor any of its employees have a financial interest in the entity being appraised.
- The fee for the preparation of this report is not contingent upon the results reported.
- No investigations of the titles of the properties have been made and the owner's claims to the properties have been assumed valid. No consideration has been given to lines or encumbrances, which may be against the properties. Therefore, no responsibility is assumed for matters of a legal nature.

1.3 EQUITY VALUATION METHODOLOGY

Approach to Value

Intrinsic Valuation

Discounted Cash Flow Methodology

The discounted cash flow method (DCF) estimates entity value based on expected future cash flows discounted at a rate commensurate with the underlying risks associated with such cash flows.

$$\text{DCF} = \frac{\text{CF}_1}{(1+r)^1} + \frac{\text{CF}_2}{(1+r)^2} + \dots + \frac{\text{CF}_n}{(1+r)^n}$$

CF - Expected future cash flow
r - Rate of return
n - Number of periods

Relative Valuation

EV / EBITDA Methodology

Under the EV/EBITDA Ratio method, the market value is estimated by applying an EV/EBITDA multiple to its net earnings. The EV/EBITDA multiple was determined using comparable companies within the same industry.

VWAP Valuation

Volume Weighted Average Price Methodology

The Volume Weighted Average Price (VWAP) approach estimates the value of a company's shares based on the weighted average market price over a defined period, with weights assigned according to trading volumes. This method reflects the price level at which the majority of trading has taken place, thereby smoothing out short-term price volatility.

The VWAP methodology is mostly applicable in valuation contexts where the market price is considered a reliable indicator of value, such as for listed companies with sufficient liquidity. It is also useful as a cross-check against intrinsic valuation methods (e.g. DCF) to assess how the market perceives the company's value over time.

1.4 KEY METHODOLOGIES

Weighted-Average Cost of Capital

The WACC methodology was used to derive the discount rate as set out below:

$$\text{WACC} = K_e * (E/(D+E)) + K_d * (1-t) * (D/(D+E))$$

Where,

K_e Cost of equity

E Market value of equity

K_d Cost of debt

D Market value of debt

T Corporate tax rate

Cost of Equity

The Capital Asset Pricing Model (CAPM) was used to derive the cost of equity as set out below:

$$K_e = R_f + \beta * ERP + \text{Alpha}$$

Where,

R_f The current return on risk-free assets

β The systematic risk associated with the business' specific factors, industry and capital structure

ERP Equity risk premium

Alpha Unsystematic risk associated with the business' specific factors

Terminal Value

It is assumed that net profits will continue to grow at the end of the forecasted period. To determine the terminal value of the

Company, the following formula was utilized:

$$\text{FV of Terminal Value} = [\text{FCFF} * (1+g)] / (r-g)$$

$$\text{PV of Terminal Value} = \text{FV of Terminal Value} / [(1+r)^n]$$

Where,

g Growth rate

n Number of years

r Discount rate



SECTION 2
ECONOMIC & INDUSTRY ANALYSIS

2.1 ECONOMIC ANALYSIS - SRI LANKA

LKR 15,637.4 Bn

Sri Lanka's GDP at current market price as of 2025 H1

Source: [Department of Census & Statistics](#)
Date: 12/10/2025

4.9%

Annual Real GDP growth

as of 2025 Q2

Source: [Department of Census & Statistics](#)
Date: 12/10/2025

1.5%

YoY% CCPI Inflation rate for September 2025

Source: [Central Bank of Sri Lanka](#)
Date: 12/10/2025

FITCH: CCC+
Moody's: Caa1
S&P Global: SD
Country Credit Rating

Source: [Trading Economics](#)
Date: 12/10/2025

LKR 2,883.6 Bn

Real GDP as of 2025 Q2

Source: [Department of Census & Statistics](#)
Date: 12/10/2025

3.8%

Unemployment rate

in 2025 Q1

Source: [Department of Census & Statistics](#)
Date: 12/10/2025

Buy: 298.7904

Sell: 306.2918

Exchange Rate at 01/10/2025

Source: [Central Bank of Sri Lanka](#)
Date: 12/10/2025

Overnight Policy Rate - 7.75%

Policy Rates as of 24/09/2025

Source: [CBSL Monetary Policy](#)
Date: 26/09/2025

The resilience of Sri Lanka's financial sector improved during the first half of 2025, supported by favourable domestic macroeconomic conditions despite global uncertainty. Credit to the private sector expanded as pressures on household and corporate balance sheets eased amid stronger output and lower inflation. However, the Credit-to-GDP ratio remained below pre-crisis levels, indicating scope for further growth, while the widening credit gap suggested the need for close monitoring of potential systemic risks.

Financial market conditions also strengthened, with the Financial Stress Index remaining subdued. The stock market recorded historically high price indices driven by domestic investors, while the government securities market saw a downward shift in yields supported by fiscal consolidation and accommodative monetary policy. The foreign exchange market exhibited improved liquidity, although the rupee depreciated marginally against the US dollar.

The banking and finance company sectors reported enhanced profitability, stronger capital adequacy, and improved asset quality, reflecting the continued recovery in the broader economy. Credit growth was driven by vehicle and gold-backed lending, while liquidity and capital buffers remained above regulatory minima.

Looking ahead, continued macroeconomic recovery, low inflation, and fiscal consolidation are expected to support further credit expansion and financial stability. Nevertheless, elevated Stage 3 loans, external sector vulnerabilities, and limited foreign investor participation pose downside risks. Maintaining adequate capital buffers, strengthening risk management, and ensuring sustainable credit growth will be essential to preserve financial system resilience and support long-term economic recovery.

Source: [CBSL Financial Stability Review 2025](#)

2.2 ECONOMIC ANALYSIS - GLOBAL

USD 110 Trillion

GDP at the current price FY 2024

Source: [International Monetary Fund](#)

Date: 18/03/2025

USD 13.9 Thousand

GDP Per Capita at current prices

FY 2024 - Global GDP per capita

Source: [World Economic Outlook \(October 2023\) - GDP per capita, current prices](#)

([imf.org](#))

Date: 18/03/2025

5.00%

Unemployment rate

FY 2025 - Global unemployment rate

Source: <https://www.statista.com/topics/9225/unemployment-worldwide/>

Date: 18/03/2025

3.2%

Real GDP growth

FY 2024 - Global GDP growth

Source: [World Economic Outlook \(October 2023\) - Real GDP growth \(imf.org\)](#)

Date: 18/03/2025

4.7%

Inflation at CPI

YoY % - FY 2025 Global Inflation

Source: [Consumer Prices, OECD - Updated: 5 March 2025](#)

Date: 18/03/2025

The IMF's Visit of Sri Lanka as of July 2025 highlights that the Sri Lankan authorities' economic reform program is yielding commendable outcomes. Real GDP grew by 4.8 percent y/y in 2025Q1, outperforming expectations. Headline inflation was at -1.1 percent y/y in 2025Q2 and is gradually returning to target. Gross international reserves stood at US\$6.0 billion at end-June 2025, while tax revenue collection continued improving, supported by strong performance in VAT and taxes on imported motor vehicles.

While the economic outlook is positive, downside risks have increased on the back of potentially high tariffs on Sri Lanka's exports, persistent trade policy uncertainty, and heightened geopolitical tensions. This underscores the critical importance of maintaining the reform momentum and the efforts to rebuild fiscal space and external buffers. These reforms will enhance Sri Lanka's resilience to shocks and safeguard the hard-won economic progress to date. Should such shocks materialize, they will be addressed within the contours of the EFF program.

Maintaining macroeconomic stability requires sustained efforts to raise fiscal revenues. To continue meeting the medium-term primary balance objective of 2.3 percent of GDP—a key requirement for restoring Sri Lanka's debt sustainability. Upcoming bills on public-private partnerships, state-owned enterprises, public procurement, and public asset management should be consistent with the Public Financial Management Act and best practices. Cost-recovery energy pricing should be maintained to minimize fiscal risks and support financial sustainability of the energy utilities.

Source: <https://www.imf.org/en/News/Articles/2025/07/24/pr-25264-sri-lanka-imf-staff-concludes-visit-to-sri-lanka>

2.3 INDUSTRY ANALYSIS

Growth Prospects & Economic Recovery

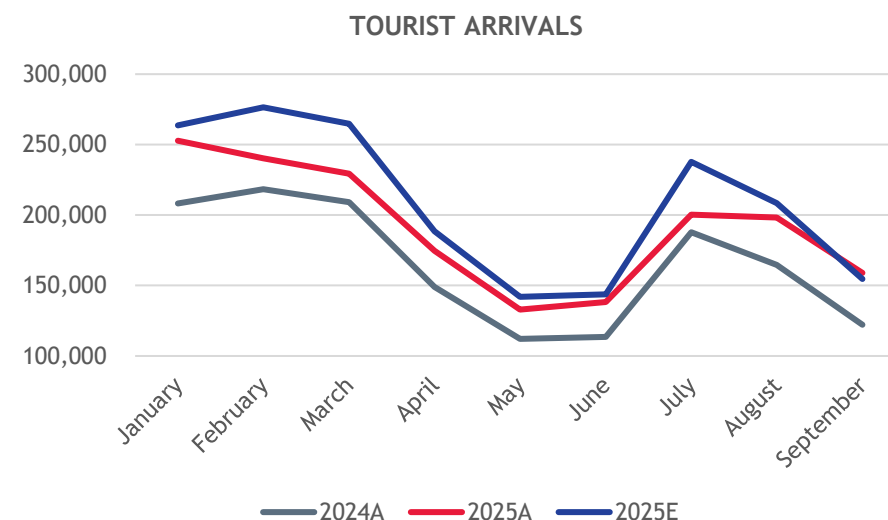
Sri Lanka's tourism sector has demonstrated a robust recovery in 2024, surpassing initial targets and setting the stage for continued growth. The country welcomed approximately 2.1Mn tourists in 2024, a 38.0% increase compared to the same period in 2023, generating a revenue of USD 3.0Bn. By 2025E, tourist arrivals are forecasted to reach 2.5Mn, indicating a gradual resurgence beyond pre-pandemic levels. Growth is primarily driven by increased connectivity, visa-free entry for key markets, and geopolitical tensions between India and the Maldives, which have redirected tourists to Sri Lanka. However, despite the rise in arrivals, hotel occupancy rates remain subdued due to oversupply and relatively high accommodation costs compared to regional competitors.

Tourist Arrivals - 2024	2,053,456 (+38.1% YOY)
Tourism Earnings - 2024	USD 3,169 Mn (+53.2% YOY)
Occupancy Rates - 2024	60% (2023 - 39%)
Average Duration of Stay - 2024	8.4 Nights (2023 - 8.4)

The hotels sector counters have been reaping significant benefits from the growth in tourist arrivals. Consequently, the share prices of over 70.0% of the hotels listed in the CSE have witnessed a rise compared to FCR's initiation of coverage in 2022 and the dull performance as of late reflects the market realizing the challenges associated with the sector.

While inflation has stabilized during recent times with the rapid macroeconomic recovery, raw material costs have shot up considerably relative to the FY18 period. This has inherently increased the cost of sales for the consumer services sector, despite revenue increment which has led to lags in GP margins reaching pre-pandemic highs, slowing down bottom-line resurgence.

Tourism Industry in 2025



Although 2025 has had higher tourism arrivals in comparison to 2024, in order to achieve the 2025 target of 2.6 million arrivals, Sri Lanka would have to achieve 53.8% more arrivals in the final quarter of 2025.

January to June Highlights	
Tourist Arrivals	1,168,044
Tourism Revenue	USD 1.71 Billion
Average Duration of Stay	8.34 Nights
Average Expenditure Per Day	USD 171.74
Total Investment	USD 169.10 Mn
Average Occupancy	44.5%

Sources: [First Capital Research Report](#), [SLTDA Year In Review](#), [SLTDA](#)

2.3 INDUSTRY ANALYSIS (CONTD.)

Opportunities

- **Strong Potential in Visitor Numbers**
The Sri Lankan tourism industry has grown dramatically since the economic crisis and Covid-19. The number of foreign visitors continue to grow annually with the aim of 3 million visitors in 2025.
- **Policy Actions to Reduce Barriers**
The Government of Sri Lanka has approved free tourist visas for over 35 countries, and they continue to do so with plans for further incentives for another 39 countries. These actions encourage tourism by making the country more accessible.
- **Rich Natural, Cultural, Heritage & Wildlife Assets**
Sri Lanka is filled with many scenic landscapes, beaches, wildlife, tea estates, cultural and historical sites which draw in global interest. Strategically planned hotels and resorts surrounding these sites draw in foreign income.
- **Multiplier Effect in the Economy & Job Creation**
Being one of the largest income generators to the country, the tourism industry directly and indirectly supports many people through job creation and support to many SMEs.
- **Untapped Regions & New Product Types**
Through emerging destinations and newer tourism products such as eco-tourism, wellness retreats and adventure products have been introduced targeting foreign visitors.

Challenges

- **Visa & System Inefficiencies**
Significant delays in visa issuance, expensive and cumbersome systems have deterred arrivals. Furthermore, transitions between multiple visa systems have caused confusions and drop in arrivals.
- **Infrastructure & Project Implementation Lag**
Growing number of incomplete development projects, infrastructure, sanitary facilities and insufficient parking and lighting in key tourism zones have made Sri Lanka unfavourable for travellers.
- **Overtourism & Unmanaged Tourism Flow**
Key tourism locations have been experiencing over-crowding, over-use and strains on natural and social environments. Visitors experience suffers from the congested sites and rushed itineraries.
- **Local Community Conflicts**
As the industry expands, locals in tourist regions report high prices, lower benefits in comparison and marginalisation. In certain areas, foreign entrepreneurs operate outside the tax and regulation frameworks which have stirred debates among local entrepreneurs.
- **Branding, Marketing & Strategic Consistency Problems**
The lack of a strategic plan, inconsistent messages and weak marketing has affected the competitiveness of the country.



SECTION 3
BACKGROUND TO THE COMPANY

3.1 BACKGROUND TO THE COMPANY

Browns Beach Hotels PLC

Sentido Heritance Negombo is a beachfront hotel situated on a 6.5-acre property in Negombo, in close proximity to the Bandaranaike International Airport. The property is owned by Browns Beach Hotels PLC and operated through its wholly owned subsidiary, Negombo Beach Resorts (Private) Limited. Originally established as Browns Beach Hotel, the property underwent redevelopment in 2016 and reopened under the Heritance brand with 139 ocean-facing rooms, dining outlets, a spa, and leisure facilities. In 2023, the hotel was rebranded as Sentido Heritance Negombo following a partnership with Sentido, aligning the property with an internationally recognised hospitality brand while retaining its local operational identity under the Heritance portfolio.

The hotel has the following key metrics,



Employees

187



Employee Retention

76%



Carbon Footprint

3,130 tCO₂e



Water Footprint

67,001



Water Intensity

1,101 per GN



Rooms

139



Occupancy

66%



Guest Satisfaction

93.4%



Investment in Training

LKR 2.6 Million



Investment in CSR

LKR 2.4 Million

Source: Annual Report 2024/2025

3.1 BACKGROUND TO THE COMPANY (CONTD.)

Legal Form	Listed Public Limited Company
Incorporated on	1992
Company Registration No.	PQ 202
Stock Symbol	BBH:N0000
Office	315, Vauxhall Street, Colombo 2
Auditors	KPMG Chartered Accountants
Secretary	Aitken Spence Corporate Services (Pvt) Ltd

Source: Management of *BBH*

Top 20 Shareholders as of 30.06.2025 - Browns Beach Hotels PLC		
Name of Shareholder	No. of Shares	%
Melstacorp PLC	54,273,234	41.88%
Aitken Spence Hotel Holdings PLC	47,455,750	36.62%
Stassen Exports (Pvt) Ltd	12,730,620	9.82%
Lanka Milk Foods (CWE) Ltd	1,251,558	0.97%
Peoples Leasing and Finance PLC/L.P.Hapangama	872,349	0.67%
People's Leasing & Finance PLC/Dr.H.S.D.Soyasa & Mrs.G.Soyasa	853,850	0.66%
Milford Exports (Ceylon) (Pvt) Limited	768,960	0.59%
Mrs. V.R. Jayasinghe	530,278	0.41%
Aitken Spence Hotels Ltd.	432,459	0.33%
Heritance (Private) Limited	432,444	0.33%
People's Leasing & Finance PLC/L.H.L.M.P.Haradasa	407,275	0.31%
Mr. S.D. Weveldeniya	359,118	0.28%
Kandalama Hotels Ltd.	306,450	0.24%
Hatton National Bank Plc/Arunasalam Sithampalam	274,630	0.21%
Mrs. C.S. Silvapulle	262,968	0.20%
Mr. S.N.C.W.M.B.C. Kandegedara	257,427	0.20%
Hatton National Bank Plc/Ruwan Prassana Sugathadasa	195,950	0.15%
Mr. R.E. Rambukwelle	190,000	0.15%
Mes B.G. Exe Staff Provident Asso.	182,520	0.14%
Mr. P.P. Thevarajah	181,326	0.14%
Others	7,380,834	5.70%
	129,600,000	100.00%

3.2 FINANCIAL HIGHLIGHTS

-0.86%

ROA

for the 3 months ended 30th June 2025.

4,699,456,000

Debt

as of 30th June 2025.

-793,982,000

Net Asset Value

as of 30th June 2025.

333,224,000

Revenue

for the 3 months ended 30th June 2025.

-7.19%

PBT Margin

for the 3 months ended 30th June 2025.

12.56%

Operating Profit Margin

For the 3 months ended 30th June 2025.

6.58%

Asset Turnover Ratio

For the 3 months ended 30th June 2025.

5,061,539,000

Asset Base

as of 30th June 2025.

0.59

Quick Ratio

as of 30th June 2025.

Please refer to [Appendix 2](#) and [Appendix 3](#) for the historical performance.



SECTION 4
INTRINSIC VALUATION

4 INTRINSIC VALUATION

4.1 Discounted Cash Flow Valuation for BBH - 30th June 2025

Discounted Cash Flow as of 30th June 2025 - Browns Beach Hotels PLC						
LKR	2025/26 Q2-4 (F)	2026/27 (F)	2027/28 (F)	2028/29 (F)	2029/30 (F)	Terminal
EBIT	7,104,367	8,108,800	7,428,625	6,680,433	5,909,469	5,909,469
Tax Payable	(2,131,310)	(2,432,640)	(2,228,588)	(2,004,130)	(1,772,841)	(1,772,841)
Non-Cash Expenses	234,217	312,289	312,289	312,289	260,241	260,241
Investment in Working Capital	985,030	(3,494,572)	(2,811,907)	(2,061,517)	(6,081,540)	(6,081,540)
Investment in Capital Expenditure	-	-	-	-	-	-
FCF to Firm	6,192,305	2,493,877	2,700,419	2,927,074	(1,684,671)	(1,684,671)
Y5-End Capital Expenditure						
WACC	14.42%	14.43%	14.43%	14.44%	14.44%	14.44%
Discount Factor	0.904	0.790	0.690	0.603	0.527	
Terminal Growth						0.00%
DFCF to Firm	5,597,205	1,969,973	1,864,070	1,765,621	(887,984)	(6,149,921)
PV of Explicit CF	10,308,885					
PV of Terminal CF	(6,149,921)					
Value of Operations	4,158,963					
(-) L/T Debt	(20,107,932)					
(+) Non-Operating Assets						
Cash and cash equivalents	41,892					
(-) Non-Operating Liabilities						
Income tax payable	(438,175)					
(+) Subsidiary Equity Value						
Negombo Beach Resorts (Private) Limited	(2,486,343,413)					
Equity Value	(2,502,688,665)					
Per Share Value	(19.31)					

4 INTRINSIC VALUATION

4.1 Discounted Cash Flow Valuation for BBH - 30th June 2025 (Contd.)

Due to the company's high level of debt gearing and its negative capital structure, the equity value derived under the DCF methodology results in a negative outcome. However, since shareholders' liability is limited to the extent of their original investment, the intrinsic value per share has been capped at **LKR 0.00**.

4 INTRINSIC VALUATION

4.1 Discounted Cash Flow Valuation for BBH - 30th June 2025 (Contd.)

4.1.2 Key Assumptions

In conducting the above Discounted Cash Flow Valuation, BDO has relied on the forecasts provided by the management of BBH, key extracts of which are as follows.

Other Income

Forecasted Other Income					
LKR	2025/26 (F)	2026/27 (F)	2027/28 (F)	2028/29 (F)	2029/30 (F)
Rent Income from NBR	15,222,841	15,222,841	15,222,841	15,222,841	15,222,841
Total Other Income	15,222,841	15,222,841	15,222,841	15,222,841	15,222,841

It is assumed Rent Income would remain unchanged in both the explicit and terminal periods.

Overheads

Forecasted Overheads					
LKR	2025/26 (F)	2026/27 (F)	2027/28 (F)	2028/29 (F)	2029/30 (F)
Staff costs	2,745,600	3,020,160	3,322,176	3,654,394	4,019,833
Amortisation	312,289	312,289	312,289	312,289	260,241
Administrative expenses	3,437,811	3,781,592	4,159,751	4,575,726	5,033,298
Total Overheads	6,495,700	7,114,041	7,794,216	8,542,408	9,313,372

Tax Payable

Tax payable has been computed at the prevailing corporate tax rate of 30% applicable to BBH.

Deferred Tax Liability

As of 30th June 2025, BBH has a deferred tax liability of LKR 56,376,000 which is accumulated through the temporary effect of the fair value gain on its investment property. This has been ignored while adjusting for non-operating assets and liabilities as this would be due while disposing the property and as the business is expected to continue in going concern, the property would be retained in the financial statements of the company.

4 INTRINSIC VALUATION

4.1 Discounted Cash Flow Valuation for BBH - 30th June 2025 (Contd.)

4.1.2 Key Assumptions (Contd.)

Working Capital

Investment in Working Capital has been computed based on the managements forecast of the following,

Working Capital					
LKR	2025/26 (F)	2026/27 (F)	2027/28 (F)	2028/29 (F)	2029/30 (F)
Receivable	171,440,523	186,663,364	201,886,205	217,109,045	232,331,886
Payable	50,232,587	61,960,856	74,371,789	87,533,113	96,674,413

Amounts due to related parties was considered as a source to fund working capital.

Capital Expenditure

There is no forecasted capital expenditure for BBH.

Discount rate - Cost of Capital

WACC Computation - Browns Beach Hotels PLC						
Description	2025/26 Q2-3 (F)	2026/27 (F)	2027/28 (F)	2028/29 (F)	2029/30 (F)	Terminal
Risk free rate	10.80%	10.80%	10.80%	10.80%	10.80%	10.80%
Equity risk premium	4.21%	4.21%	4.21%	4.21%	4.21%	4.21%
Unlevered beta	0.86	0.86	0.86	0.86	0.86	0.86
Levered beta	0.87	0.87	0.87	0.86	0.86	0.86
D/E	0.68%	0.42%	0.20%	0.07%	0.00%	0.00%
Tax rate	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Cost of equity (Ke)	14.46%	14.45%	14.44%	14.44%	14.44%	14.44%
Cost of debt (Kd)	13.35%	13.35%	13.35%	13.35%	13.35%	13.35%
Kd*(1-t)	9.35%	9.35%	9.35%	9.35%	9.35%	9.35%
WACC	14.42%	14.43%	14.43%	14.44%	14.44%	14.44%

Sources: Prof. Damodaran's databases, BDO analysis

4 INTRINSIC VALUATION

4.1 Discounted Cash Flow Valuation for BBH - 30th June 2025 (Contd.)

4.1.2 Key Assumptions (Contd.)

Risk-Free Rate of Return (Rf)

The risk-free rate represents the interest that an investor would expect from a risk-free investment over a specified period. We have considered the 12-year treasury bond rate dated 30th June 2025 for explicit cash flows and in perpetuity for implicit cash flows.

Source: [CBSL](#)

Beta Factor (β)

This measures how much a company's share price moves against the market. A beta of one, for instance, indicates that the company moves in line with the market. If the beta is more than one, the share is amplifying the market's movements and less than one means the share is more stable. We have sourced the average Unlevered Beta factor from Prof. Damodaran's databases for the hotel & gaming sector for emerging markets. Unlevered Beta was levered based on the long-term capital structure of BBH.

Market Risk Premium (RM)

The equity market risk premium represents the returns investors expect, over and above the risk-free rate, to compensate them for taking an extra risk by investing in the stock market. We have considered a risk premium for an AAA rated country based on Prof. Damodaran's database.

Capital Structure

It should be noted that management has read and approved all assumptions used in the valuation. BDO has not verified the assumptions given by the management.

The market capitalization as of 30th June 2025 and the forecasted debt structure of BBH have been considered in both the explicit and terminal period.

Cost of Debt (Kd)

As BBH's debt structure comprises of a single lease with a fixed rate of 13.5%, it is assumed it would remain unchanged in the explicit period until fully settled by FY 2028/29. The Cost of Debt post-tax was considered to reflect the tax benefit arising from debt.

Terminal Value

Given the managements positive outlook of the company, it is assumed the performance of FY 2029/30 would continue in the terminal period. The terminal growth has been limited to 0%.

Negombo Beach Resorts (Private) Limited

Based on the DCF methodology, the equity value of the NBR is negative. However, as all commercial operations are carried out through the NBR, the limited liability concept has been disregarded to reflect the underlying economic value attributable to the BBH. Further, ASHH has issued a Letter of Support confirming its commitment to continue providing financial assistance for the ongoing operations and to meet the entity's financial obligations. Accordingly, as the business is assessed to operate on a going-concern basis, the negative equity value has been retained as derived.

4 INTRINSIC VALUATION

4.2 Discounted Cash Flow Valuation for NBR - 30th June 2025

Discounted Cash Flow as of 30th June 2025 - Negombo Beach Resorts (Private) Limited						
LKR	2025/26 Q2-4 (F)	2026/27 (F)	2027/28 (F)	2028/29 (F)	2029/30 (F)	Terminal
EBIT	297,646,978	352,163,905	399,486,519	433,609,388	458,325,225	458,325,225
Tax Payable	-	-	-	-	-	(137,497,568)
Non-Cash Expenses	162,273,403	230,255,618	255,987,688	294,627,098	358,090,679	358,090,679
Investment in Working Capital	(71,322,269)	(6,745,086)	25,543,937	28,153,616	(15,620,017)	(15,620,017)
Investment in Capital Expenditure	(52,822,144)	(44,860,499)	(43,224,005)	(46,441,637)	(86,064,338)	(56,155,222)
FCF to Firm	335,775,968	530,813,937	637,794,140	709,948,465	714,731,549	607,143,097
WACC	20.61%	20.60%	20.59%	20.59%	20.58%	18.74%
Discount Factor	0.869	0.720	0.597	0.495	0.411	
Terminal Growth						0.00%
DFCF to Firm	291,752,278	382,438,302	381,050,178	351,745,727	293,666,344	1,331,118,015
PV of Explicit CF	1,700,652,830					
PV of Terminal CF	1,331,118,015					
Value of Operations	3,031,770,845					
(-) L/T Debt	(4,863,439,706)					
(+) Non-Operating Assets						
Deposits & Prepayments	33,918,453					
Tax Receivable	1,010,596					
Amount due from Related Parties	30,209,033					
Cash & Cash Equivalents	141,602,638					
(-) Non-Operating Liabilities						
Deferred Tax Liabilities	(782,133,652)					
Amount due to Aitken Spence PLC	(10,112,336)					
Amount due to ASHM	(51,184,548)					
Retirement Benefits Obligations	(17,984,737)					
Equity Value	(2,486,343,413)					

4 INTRINSIC VALUATION

4.2 Discounted Cash Flow Valuation for NBR - 30th June 2025 (Contd.)

4.2.1 Sensitivity Analysis

We have performed a sensitivity analysis between the terminal weighted average cost of capital (Terminal WACC) and the terminal growth (TG) rate used in the valuation. Please refer to page 35 and 36 for a weighted average cost of capital and the terminal growth rate:

DCF Sensitivity Analysis - Negombo Beach Resorts (Private) Limited					
Terminal Growth	LKR	WACC			
		18.24%	18.49%	18.74%	18.99%
-0.50%	(2,492,999,003)	(2,510,434,678)	(2,527,417,259)	(2,543,964,182)	(2,560,091,997)
-0.25%	(2,471,719,069)	(2,489,671,208)	(2,507,150,691)	(2,524,175,942)	(2,540,764,440)
0.00%	(2,449,855,826)	(2,468,346,281)	(2,486,343,413)	(2,503,866,705)	(2,520,934,625)
0.25%	(2,427,384,956)	(2,446,436,812)	(2,464,973,494)	(2,483,015,618)	(2,500,582,718)
0.50%	(2,404,280,772)	(2,423,918,431)	(2,443,017,798)	(2,461,600,706)	(2,479,687,823)

According to the sensitivity analysis conducted on the terminal WACC and Terminal Growth rate assumptions, the value derived for NBR ranges between LKR (2,524,175,942) and LKR (2,446,436,812).

4 INTRINSIC VALUATION

4.2 Discounted Cash Flow Valuation for NBR - 30th June 2025 (Contd.)

4.2.2 Key Assumptions

In conducting the above Discounted Cash Flow Valuation, BDO has relied on the forecasts provided by the management of BBH, key extracts of which are as follows.

Revenue

Forecasted Revenue					
	2025/26 (F)	2026/27 (F)	2027/28 (F)	2028/29 (F)	2029/30 (F)
Occupancy %	71%	72%	73%	74%	75%
ARR - LKR	28,327	30,593	33,041	35,849	39,434
ARR - USD	95	100	103	106	111
ADR - LKR	37,649	38,607	41,548	44,925	49,119
ADR - USD	127	126	129	133	139
Revenue by,					
- Rooms	1,024,531,996	1,117,548,853	1,223,715,995	1,351,376,394	1,508,521,643
- Food & Beverages	655,304,952	784,068,262	895,560,556	971,737,782	1,041,013,657
- Minor Operations	29,279,676	30,743,660	32,280,843	33,894,885	35,589,629
Total Revenue	1,709,116,625	1,932,360,776	2,151,557,394	2,357,009,061	2,585,124,930

Gross Profit

Forecasted Gross Profit Margins					
	2025/26 (F)	2026/27 (F)	2027/28 (F)	2028/29 (F)	2029/30 (F)
Rooms	94.30%	94.30%	94.50%	94.50%	94.50%
Food & Beverages	67.26%	66.80%	67.12%	67.11%	67.26%
Minor Operations	83.89%	83.89%	84.50%	84.50%	84.50%
Average Gross Profit Margin	83.49%	82.54%	82.52%	82.63%	82.97%

4 INTRINSIC VALUATION

4.2 Discounted Cash Flow Valuation for NBR - 30th June 2025 (Contd.)

4.2.2 Key Assumptions (Contd.)

Overheads

Forecasted Overheads					
LKR	2025/26 (F)	2026/27 (F)	2027/28 (F)	2028/29 (F)	2029/30 (F)
Administration & General	106,863,029	114,343,441	122,347,481	129,688,330	137,469,630
Payroll & Related Expenses (General)	117,841,094	129,625,204	142,587,724	156,846,496	172,531,146
Energy (Excluding Gas)	138,797,114	155,938,558	175,196,970	195,784,744	218,186,060
Repairs & Maintenance	80,107,307	85,714,818	91,714,856	99,052,044	106,976,208
Selling & Marketing	90,799,090	97,155,027	103,955,879	110,193,231	116,804,825
Financial & Others	20,520,043	21,546,045	22,623,347	23,754,515	24,942,241
OHs - Banyan	11,069,734	36,355,692	42,048,822	44,059,391	46,204,114
Management Fees	91,284,917	101,560,691	125,080,237	113,530,987	138,455,998
Total Overheads	565,997,412	640,678,785	700,475,078	759,378,752	823,114,224

Other Income

Forecasted Other Income					
LKR	2025/26 (F)	2026/27 (F)	2027/28 (F)	2028/29 (F)	2029/30 (F)
Exchange gain	15,197,709	15,957,594	16,755,474	17,593,248	18,472,910
Rent Income - Banyan	2,750,000	6,600,000	6,600,000	6,600,000	6,600,000
Total Other Income	17,947,709	22,557,594	23,355,474	24,193,248	25,072,910

However, due to the high volatility and unpredictable nature of the Sri Lankan Exchange rate, the forecasted exchange gains have been ignored in the EBIT computation, for the purposes of the DCF Valuation.

4 INTRINSIC VALUATION

4.2 Discounted Cash Flow Valuation for NBR - 30th June 2025 (Contd.)

4.2.2 Key Assumptions (Contd.)

Tax Payable

According to the management, “Negombo Beach Resorts Private Limited is enjoying 12-year tax holiday period from 2nd April 2016. The business profits of the Company would be exempt from income tax under section 17 A of Inland Revenue (amendment) Act No. 08 of 2012 for a period of 12 years from either the first year of the Company makes profits or not later than two years from the commencement of commercial operations.”. The tax holiday is expected to continue till the end of FY 2029/2030. Therefore, during the explicit period, all tax obligations have been ignored.

Working Capital

Investment in Working Capital has been computed based on the managements forecast of the following,

Working Capital					
LKR	2025/26 (F)	2026/27 (F)	2027/28 (F)	2028/29 (F)	2029/30 (F)
Inventory	38,852,971	38,872,397	38,891,833	38,911,279	38,930,735
Receivable	207,050,581	184,539,614	160,612,227	171,483,980	181,807,803
Payable	262,564,521	233,327,894	234,963,881	274,008,695	268,731,957

Capital Expenditure

Capital Expenditure					
LKR	2025/26 (F)	2026/27 (F)	2027/28 (F)	2028/29 (F)	2029/30 (F)
Dining Equipment	6,097,200	6,219,144	6,343,527	6,470,397	6,599,805
Furniture, Fixtures & Furnishings	15,512,200	6,353,680	6,358,576	6,363,570	16,295,594
Machinery & Equipment	19,187,200	21,105,920	23,216,512	26,176,172	26,699,695
Computer Hardware	6,060,544	6,181,755	6,305,390	6,431,498	6,560,128
Other	5,965,000	5,000,000	1,000,000	1,000,000	29,909,116
Total Capital Expenditure	52,822,144	44,860,499	43,224,005	46,441,637	86,064,338

“Other” represents the rebranding of the Banyan from 2025/26 to 2028/29 and the water bottling plant in 2029/30.

4 INTRINSIC VALUATION

4.2 Discounted Cash Flow Valuation for NBR - 30th June 2025 (Contd.)

4.2.2 Key Assumptions (Contd.)

Discount rate - Cost of Capital

WACC Computation - Negombo Beach Resorts (Private) Limited						
Description	2025/26 Q2-3 (F)	2026/27 (F)	2027/28 (F)	2028/29 (F)	2029/30 (F)	Terminal
Risk free rate	10.80%	10.80%	10.80%	10.80%	10.80%	10.80%
Equity risk premium	4.21%	4.21%	4.21%	4.21%	4.21%	4.21%
Unlevered beta	0.86	0.86	0.86	0.86	0.86	0.86
Levered beta	0.87	0.87	0.87	0.86	0.86	0.86
D/E	0.68%	0.42%	0.20%	0.07%	0.00%	0.00%
Tax rate	0.00%	0.00%	0.00%	0.00%	0.00%	30.00%
Cost of Equity (Ke)	14.46%	14.45%	14.45%	14.44%	14.44%	14.44%
Cost of debt (Kd)	6.15%	6.15%	6.15%	6.15%	6.15%	6.15%
Kd*(1-t)	6.15%	6.15%	6.15%	6.15%	6.15%	4.30%
WACC	20.61%	20.60%	20.59%	20.59%	20.58%	18.74%

Risk-Free Rate of Return (Rf)

The risk-free rate represents the interest that an investor would expect from a risk-free investment over a specified period. We have considered the 12-year treasury bond rate dated 30th June 2025 for explicit cash flows and in perpetuity for implicit cash flows.

Source: https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/Government_Securities_Trade_Summary_20250630_e.pdf

Capital Structure

In the absence of a positive Net Book Value for NBR, the Capital Structure of BBH has been assumed as a proxy capital structure.

4 INTRINSIC VALUATION

4.2 Discounted Cash Flow Valuation for NBR - 30th June 2025 (Contd.)

4.2.2 Key Assumptions (Contd.)

Cost of Debt (Kd)

Cost of Debt - Negombo Beach Resorts (Private) Limited			
Loan	Balance	Interest %	WA%
Loan 1	838,480,000	9.22%	1.59%
Loan 2	492,100,000	9.22%	0.93%
Loan 3	99,120,057	9.22%	0.19%
Loan 4	90,147,106	9.22%	0.17%
Working Capital Loan	123,785,877	9.22%	0.23%
Lease	184,091,203	13.35%	0.51%
Shareholder Loans	1,724,905,385	0.00%	0.00%
Inter Company Loan	840,134,127	9.11%	1.57%
Bank Overdraft	470,675,949	9.82%	0.95%
Total	4,863,439,706		6.15%

Risk-Free Rate of Return (Rf)

The risk-free rate represents the interest that an investor would expect from a risk-free investment over a specified period.

We have considered the 12-year treasury bond rate dated 30th June 2025 for explicit cash flows and in perpetuity for implicit cash flows.

Source: [CBSL](#)

Beta Factor (β)

This measures how much a company's share price moves against the market. A beta of one, for instance, indicates that the company moves in line with the market. If the beta is more than one, the share is amplifying

It should be noted that management has read and approved all assumptions used in the valuation. BDO has not verified the assumptions given by the management.

the market's movements and less than one means the share is more stable. We have sourced the average Unlevered Beta factor from Prof. Damodaran's databases for the hotel & gaming sector for emerging markets. Unlevered Beta was levered based on the long-term capital structure of BBH.

Market Risk Premium (RM)

The equity market risk premium represents the returns investors expect, over and above the risk-free rate, to compensate them for taking an extra risk by investing in the stock market. We have considered a risk premium for an AAA rated country based on Prof. Damodaran's database

Terminal Value

Given the managements positive outlook of the company as per the strategies listed in LOR attached in Annexure 1, it is assumed the performance of FY 2029/30 would continue in the terminal period. A maintenance CAPEX has been forecasted excluding "Other", and the terminal growth has been limited to 0%.

Shareholder Loans

As of 30th June 2025, in the books of NBR, there are 3 loans amounting to LKR 1,724,905,385 provided by the Major Ultimate Shareholders of BBH. These loans are interest free with the intention of conversion to equity post delisting. For the purposes this report, the true substance of these loans is considered as debt. Any conversions of debt to equity would occur subsequent to this report and the delisting, and therefore not reflected herein.



SECTION 5
RELATIVE VALUATION

5 RELATIVE VALUATION

5.1 Enterprise Value to EBITDA - 30th June 2025

For the purpose of selecting comparable peers, BDO identified companies classified under the GICS category “Consumer Services”. To ensure a fair and representative peer group, BDO applied two tests to remove outliers:

1. Included only Beach Resorts operating in Sri Lanka, and
2. An Interquartile range test (50th Percentile)

In performing the above, the following peers were considered,

Peer Multiple Analysis - Browns Beach Hotels PLC					
As of 30th June 2025,					
Company	Code	EV/EBITDA	Weight	Weighted Multiple	
Marawila Resorts PLC	MARA.N0000	14.33	0.18	2.52	
Beruwala Resorts PLC	BERU.N0000	15.12	0.19	2.92	
Waskaduwa Beach Resort PLC	CITW.N0000	15.23	0.21	3.16	
Hikkaduwa Beach Resort PLC	CITH.N0000	11.65	0.27	3.17	
The Fortress Resorts PLC	RHTL.N0000	10.74	0.15	1.63	
			1.00	13.40	

In Computing the EV/EBITDA Multiples, the following assumptions were made:

1. Enterprise Value = Market Capitalisation + Preference Share Capital + Net Debt
2. EBITDA = 2024/25 EBITDA - 2024/25 Q1 EBITDA + 2025/26 Q1 EBITDA

5 RELATIVE VALUATION

5.1 Enterprise Value to EBITDA - 30th June 2025 (Contd.)

The valuation results are as follows,

Enterprise Value to EBITDA Multiple	
LKR	
EV/EBITDA Multiple	13.40
EBITDA	519,124,925
Business Value	6,953,944,311
Less: Net Debt	(4,246,224,403)
Equity Value	2,707,719,908
Per Share Value	20.89

To reflect the differences between BBH and the selected comparable peers, BDO has applied a range of comparability discounts to the peer-derived EV/EBITDA multiple. These adjustments were made to account for variations in factors such as size, operational scale, profitability, liquidity and risk profile.

According to the EV/EBITDA Peer Analysis, the per share value of BBH is **LKR 20.89**.

Please refer to [Appendix 1](#) for the detailed peer analysis.



SECTION 6
VOLUME WEIGHTED AVERAGE PRICE

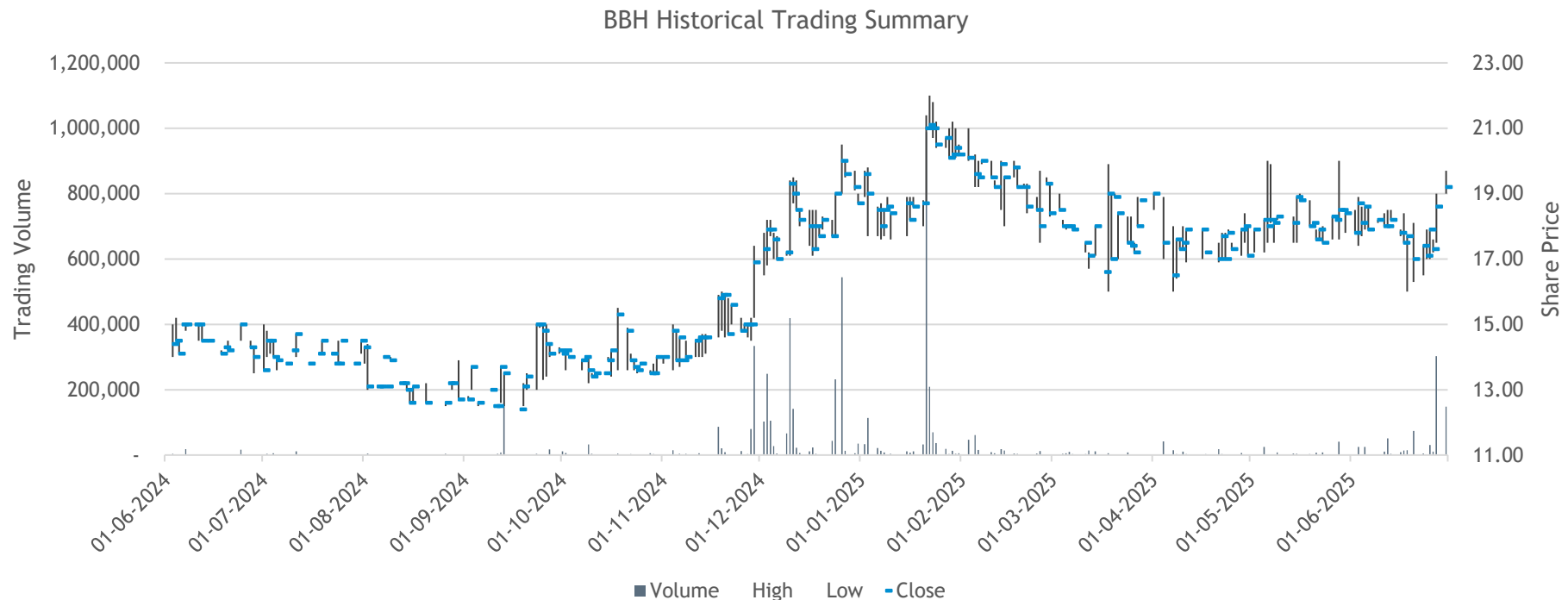
6 VOLUME WEIGHTED AVERAGE PRICE

6.1 VWAP - 30th June 2025

In determining the VWAP, BDO has relied on the 12-month actual trade history of BBH:N0000 on the CSE for the period from 1st June 2024 to 30th June 2025, as provided by the management of BBH.

Given the high volatility observed in the share price over the last six months, BDO has considered and analysed the share price across three distinct time horizons. The valuation outcomes under each horizon are summarised below.

Volume-Weighted Average Price			
LKR	Jun 24 - Dec 24	Jun 24 - Jun 25	Jan 25 - Jun 25
Cumulative Turnover	52,142,180	107,719,723	55,577,543
Cumulative Volume	2,959,386	5,796,999	2,837,613
Per Share Value	17.62	18.58	19.59



6 VOLUME WEIGHTED AVERAGE PRICE

6.1 VWAP - 30th June 2025

Additional Metrics			
LKR	Jun 24 - Dec 24	Jun 24 - Jun 25	Jan 25 - Jun 25
High Price	20.50	22.00	22.00
Low Price	12.40	12.40	16.00
Close Price	18.70	19.20	19.20
Mean Price	16.67	17.92	18.95
Median Price	17.20	18.00	18.70
Mode Price	18.00	18.00	21.00
Standard Deviation	2.15	2.10	1.40
VOLUME (DAY)	Jun 24 - Dec 24	Jun 24 - Jun 25	Jan 25 - Jun 25
High	543,973	988,092	988,092
Low	1	1	16
Mean	26,423	26,231	26,033
Median	1,913	3,041	4,401

The 12-Month VWAP ending as of 30th June 2025 yields a per share of **LKR 18.58**.



SECTION 7
LIMITATIONS

7.1 GENERAL LIMITATIONS

Our valuation study is based on various assumptions with respect to BBH, including its respective present and future financial condition, business strategies, and the environment in which it will operate in the future. These assumptions are based on the information that we have been provided with and our discussions with the management of BBH, and reflect current expectations and views regarding future events, and therefore necessarily involve known and unknown risks and uncertainties.

The estimates of earnings and cash flow data, to the extent they relate to the future, reflect the expectations of the management of BBH as to the business prospects of BBH and are solely for use in our valuation study and are not intended for use as forecasts or projections of future operations. Furthermore, there will usually be differences between estimated and actual results because events and circumstances may or often do not occur as expected and those differences may be material. To the extent that our conclusions are based on forecasts, we express no opinion on the achievability of these forecasts.

The value recommendations made herein are valid up to 06 months from the report date, subject to there being no material changes to the operating environment or business model of BBH. The use of the value recommendation in this report after 06 months from the report date is not recommended.

7.2 OTHER MATTERS

When forming our conclusion, we have placed reliance upon the following, which has a significant bearing on the results of the valuation exercise:

- The date of the valuation is 30th June 2025.
- The Auditors of BBH have highlighted a going concern issue of BBH due to continuous accumulated losses and growing debt leading to negative equity. However, the management believes this is “a transitional phase, relying heavily on stakeholder support while implementing operational improvements to achieve sustainable profitability”. Further, one of the major shareholder, namely Aitken Spence Hotel Holdings PLC has issued a Letter of Support confirming its commitment of continuing the financial support in the business operations and to meet their financial obligations.

Accordingly, it is assumed BBH will continue in going concern



SECTION 8
CSE DECLARATION

8. CSE DECLARATION

8.1 Personnel Involved in the Assignment

Name	Designation	Background & Experience	Qualifications
Sujeewa Rajapakse	Managing Partner	He is a Past President of the Institute of Chartered Accountants of Sri Lanka and the International Liaison Partner of BDO Partners. He has held key regulatory positions, including roles with the Central Bank, SEC, and the Sri Lanka Accounting and Auditing Standards Monitoring Board. He has also gained significant international exposure through IFAC, CAPA, and SAFA in various leadership and advisory capacities.	<ul style="list-style-type: none"> • FCA • FCMA • MBA (Sri J) • ACCA
Nishan Fernando	Managing Director	He is a highly experienced accounting professional who has held several international and national leadership positions, including Vice Chair of the Asia-Oceanian Standards Setters Group, Past President of the Institute of Chartered Accountants of Sri Lanka, and former Commission Member of the Securities & Exchange Commission of Sri Lanka.	<ul style="list-style-type: none"> • FCA • ACMA • MBA (Sri J)
Tharushika Muthumalki	Manager	She has a diverse professional background spanning finance, investments, manufacturing, and leisure, with extensive experience in business valuations, restructures, and feasibility studies. At BDO, she has managed a broad client portfolio and served as engagement manager for numerous assignments across multiple sectors.	<ul style="list-style-type: none"> • ACA • FAAT • BBA (Colombo) • MSc (Colombo)
Abdullah Firaz	Assistant Manager	He is an ACCA Affiliate with a BSc (Hons) in Applied Accounting from Oxford Brookes University and certification in FinTech, bringing a strong blend of technical and analytical expertise to corporate finance engagements. He has delivered advisory services across diverse industries, specialising in business restructures, IFRS advisory, and feasibility studies.	<ul style="list-style-type: none"> • ACCA • BSc (UK) • Adv. Dip. (ACCA) • Cert. in FinTech (ACCA)
Hasini Hewabattage	Executive	She has experience across banking, retail, and manufacturing sectors, contributing to business valuations, financial modelling, IFRS advisory, and transaction structuring for both listed and private entities. She holds a BSc in Applied Accounting from the School of Accounting and Business of CASL and is currently a Strategic Level finalist of the CASL programme.	<ul style="list-style-type: none"> • BSc (Hons) CASL • CA Strategic Level (Reading)

8. CSE DECLARATION

8.2 OTHER DECLARATIONS

We, BDO, being duly appointed as the Corporate Finance Advisor to BBH, hereby make the following declaration in connection with our engagement to provide an independent opinion on the proposed delisting of the shares of BBH from the official list of the Colombo Stock Exchange:

1. **Independence**

BDO hereby confirms that it is not a related party of BBH as defined under the Sri Lanka Accounting Standards. Further, BBH does not hold, whether directly or indirectly, ten percent (10%) or more of the voting rights of BBH, and has not received, and does not expect to receive, any income or non-cash benefits from BBH equivalent to or exceeding twenty percent (20%) of BDO's annual income.

2. **Competence and Resources**

BDO affirms that it possesses the requisite professional competence, expertise, independence, and resources necessary to discharge its duties responsibly and to arrive at an independent, fair, and objective opinion in determining the price at which the shares of BBH are to be delisted.

3. **Due Diligence and Enquiries**

BDO further confirms that it has made all such inquiries, analyses, and assessments as it considers necessary, appropriate, and reasonable to arrive at its independent opinion, and that such opinion has been formed without any influence or interference from BBH or any of its related parties.



SECTION 9
APPENDICES

APPENDIX 1 - MARKET PEER ANALYSIS

Company	Location	Code	Enterprise Value	EBITDA - 2025/26 Q1
MARAWILA RESORTS PLC	Marawilla	MARA.N0000	3,026,151,418	(1,805,000)
THE KINGSBURY PLC	Colombo	SERV.N0000	7,735,567,000	164,844,000
GALADARI HOTELS (LANKA) PLC	Colombo	GHLL.N0000	9,418,442,957	(75,356,496)
JOHN KEELLS HOTELS PLC	Diversified	KHL.N0000	67,235,255,092	895,014,000
EDEN HOTEL LANKA PLC	Diversified	EDEN.N0000	40,209,484,808	453,746,000
MAHAWELI REACH HOTELS PLC	Kandy	MRH.N0000	1,815,372,843	(33,745,047)
DOLPHIN HOTELS PLC	Negombo	STAF.N0000	1,911,382,543	68,041,000
BERUWALA RESORTS PLC	Beruwala	BERU.N0000	3,327,996,180	16,105,000
AITKEN SPENCE HOTEL HOLDINGS PLC	Diversified	AHUN.N0000	61,947,887,820	1,669,367,000
WASKADUWA BEACH RESORT PLC	Waskaduwa	CITW.N0000	3,578,852,411	17,197,083
HIKKADUWA BEACH RESORT PLC	Hikkaduwa	CITH.N0000	4,693,012,034	25,927,324
CITRUS LEISURE PLC	Diversified	REEF.N0000	5,577,618,410	(13,489,261,000)
HOTEL SIGIRIYA PLC	Sigiriya	HSIG.N0000	1,057,196,000	41,925,000
JETWING SYMPHONY PLC	Diversified	JETS.N0000	12,148,380,140	199,935,000
RAMBODA FALLS PLC	Ramboda	RFL.N0000	612,451,644	5,836,278
HAYLEYS LEISURE PLC	Diversified	CONN.N0000	5,355,893,656	50,957,000
TAL LANKA HOTELS PLC	Colombo	TAJ.N0000	5,305,658,121	44,865,798
CEYLON HOTELS CORPORATION PLC	Diversified	CHOT.N0000	4,869,094,115	51,947,000
RENUKA HOTELS PLC	Colombo	RCH.N0000	(12,674,760,440)	274,083,000
TANGERINE BEACH HOTELS PLC	Diversified	TANG.N0000	1,218,626,000	27,101,000
TRANS ASIA HOTELS PLC	Colombo	TRAN.N0000	9,391,500,000	74,004,000
RENUKA CITY HOTEL PLC	Colombo	RENU.N0000	(7,198,267,000)	46,137,000
BANSEI ROYAL RESORTS HIKKADUWA PLC	Hikkaduwa	BRR.N0000	1,190,068,400	(9,169,000)
HUNAS HOLDINGS PLC	Diversified	HUNA.N0000	19,038,053,421	1,011,316,878
PEGASUS HOTELS OF CEYLON PLC	Wattala	PEG.N0000	1,280,921,980	(23,310,000)
SIGIRIYA VILLAGE HOTELS PLC	Sigiriya	SIGV.N0000	899,528,000	8,198,000
SERENDIB HOTELS PLC	Diversified	SHOT.N0000	5,457,402,992	182,465,000
ROYAL PALMS BEACH HOTELS PLC	Kalutara	RPBH.N0000	1,178,961,000	38,360,000
THE KANDY HOTELS COMPANY (1938) PLC	Kandy	KHC.N0000	9,394,927,310	(32,463,000)
THE LIGHTHOUSE HOTEL PLC	Diversified	LHL.N0000	3,399,435,000	39,692,000
THE FORTRESS RESORTS PLC	Galle	RHTL.N0000	2,611,448,178	(60,649,000)
ASIAN HOTELS & PROPERTIES PLC	Colombo	AHPL.N0000	26,901,013,500	89,507,000
THE NUWARA ELIYA HOTELS COMPANY PLC	Nuwara Eliya	NEH.N0000	2,385,013,000	143,201,000
PALM GARDEN HOTELS PLC	Diversified	PALM.N0000	48,875,160,930	446,037,000

APPENDIX 2 - HISTORICAL INCOME STATEMENTS

Historical Income Statements - Browns Beach Hotels PLC - Group						
LKR '000	2020/21 (A)	2021/22 (A)	2022/23 (A)	2023/24 (A)	2024/25 (A)	2025/26 Q1 (M)
Revenue	88,104	422,126	668,440	1,317,468	1,519,574	333,225
Revenue Taxes	-	-	(8,356)	(22,225)	(26,676)	(4,302)
Net Revenue	88,104	422,126	660,084	1,295,243	1,492,898	328,923
Other (expenses)/income	32,039	35,892	120,420	(30,731)	(6,580)	9,431
Staff costs	(82,056)	(117,861)	(163,721)	(210,409)	(241,700)	(65,485)
Depreciation	(229,279)	(219,867)	(215,125)	(215,855)	(220,904)	(55,226)
Amortisation	(312)	-	-	(312)	(312)	(78)
Other operating expenses - direct	(20,816)	(81,293)	(130,742)	(224,930)	(238,478)	(51,367)
Other operating expenses - indirect	(138,334)	(192,295)	(363,018)	(564,705)	(541,731)	(124,338)
Profit from Operations	(350,654)	(153,298)	(92,102)	48,301	243,193	41,860
Net Finance Income	(266,858)	(238,470)	(554,619)	(434,106)	(314,212)	(65,820)
Profit Before Taxation	(617,512)	(391,768)	(646,721)	(385,805)	(71,019)	(23,960)
Income Tax	(40,086)	(52,675)	(370,283)	(81,162)	(82,890)	(20,292)
Profit for the Year	(657,598)	(444,443)	(1,017,004)	(466,967)	(153,909)	(44,253)

Historical Income Statements - Browns Beach Hotels PLC - Company Only						
LKR '000	2020/21	2021/22 (A)	2022/23 (A)	2023/24 (A)	2024/25 (A)	2025/26 Q1 (M)
Other (expenses)/income	115,223	15,223	15,223	15,223	103,143	3,941
Staff costs	-	-	(2,760)	(2,500)	(2,496)	-
Depreciation	(312)	(312)	(312)	-	-	-
Amortisation	-	-	(169,832)	(312)	(312)	(78)
Other operating expenses - indirect	(3,978)	(3,687)	(8,587)	(9,627)	(10,103)	(2,240)
Profit from Operations	110,933	11,224	(166,268)	2,784	90,232	1,623
Net Finance Income	(2,636)	(2,555)	(2,463)	(2,359)	(2,208)	(466)
Profit Before Taxation	108,297	8,669	(168,731)	425	88,024	1,156
Income Tax	(11,131)	(827)	(20,000)	(221)	(26,376)	-
Profit for the Year	97,166	7,842	(188,731)	204	61,648	1,156

APPENDIX 2 - HISTORICAL INCOME STATEMENTS (CONTD.)

Historical Income Statements - Negombo Beach Resorts (Private) Limited						
LKR '000	2020/21	2021/22 (A)	2022/23 (A)	2023/24 (A)	2024/25 (A)	2025/26 Q1 (M)
Revenue	88,104	422,126	668,440	1,317,468	1,519,573	333,375
Revenue Taxes	-	-	(8,356)	(22,225)	(26,676)	(4,302)
Net Revenue	88,104	422,126	660,084	1,295,243	1,492,897	329,073
Other (expenses)/income	32,040	35,893	120,420	613	680	9,281
Staff costs	(82,056)	(117,861)	(160,961)	(207,909)	(239,204)	(65,485)
Depreciation	(229,279)	(219,555)	(214,813)	(215,851)	(220,904)	(55,226)
Amortisation	(695)	(695)	(695)	(695)	(695)	(174)
Other operating expenses - direct	(20,816)	(81,294)	(130,742)	(224,930)	(238,478)	(60,277)
Other operating expenses - indirect	(134,358)	(188,608)	(355,345)	(552,271)	(531,609)	(113,187)
Profit from Operations	(347,060)	(149,994)	(82,052)	94,199	262,687	44,004
Net Finance Income	(277,305)	(249,763)	(566,465)	(477,837)	(334,505)	(69,295)
Profit Before Taxation	(624,365)	(399,757)	(648,517)	(383,638)	(71,818)	(25,291)
Income Tax	(30,302)	(50,094)	(357,514)	(80,941)	(82,890)	-
Profit for the Year	(654,668)	(449,851)	(1,006,031)	(464,579)	(154,708)	(25,291)

APPENDIX 3 - HISTORICAL STATEMENT OF FINANCIAL POSITION

Historical Balance Sheet - Browns Beach Hotels PLC - Group						
LKR '000	2020/21 (A)	2021/22 (A)	2022/23 (A)	2023/24 (A)	2024/25 (A)	2025/26 Q1 (M)
Assets						
Non-Current Assets						
Property, plant and equipment	5,215,566	5,002,386	4,789,729	4,585,214	4,505,321	4,454,696
Right of use assets	2,759	2,447	2,135	1,823	1,511	1,431
Total Non-Current Assets	5,218,325	5,004,833	4,791,864	4,587,037	4,506,832	4,456,127
Current Assets						
Inventories	15,323	23,259	34,055	38,064	38,833	34,148
Trade and other receivables	26,041	47,685	43,846	137,722	178,918	68,635
Deposits and prepayments	19,281	18,533	24,586	35,514	27,558	33,918
Amounts due from related companies	1,478	18,280	14,840	45,741	31,827	15,479
Cash and cash equivalents	185,784	290,153	374,677	457,999	346,461	453,232
Total Current Assets	247,907	397,910	492,004	715,040	623,597	605,412
Total Assets	5,466,232	5,402,743	5,283,868	5,302,077	5,130,429	5,061,539
Equity & Liabilities						
Equity						
Stated capital	2,383,449	2,383,449	2,383,449	2,383,449	2,383,449	2,383,449
Revaluation reserve	1,074,307	1,074,307	1,054,307	1,054,307	1,115,851	1,115,851
General reserve	10,000	10,000	10,000	10,000	10,000	10,000
Retained earnings / (accumulated losses)	(2,174,147)	(2,617,030)	(3,636,453)	(4,104,200)	(4,259,030)	(4,303,283)
Total Equity	1,293,609	850,726	(188,697)	(656,444)	(749,730)	(793,983)
Non-Current Liabilities						
Employee benefits	10,564	8,422	11,148	13,999	17,661	17,985
Deferred tax liability	224,849	261,670	651,953	732,894	842,160	862,452
Interest bearing loans and borrowings	3,224,273	1,763,824	3,622,355	4,061,571	3,879,187	3,997,321
Leases liabilities	18,390	16,044	15,266	15,033	14,131	14,597
Total Non-Current Liabilities	3,478,076	2,049,960	4,300,722	4,823,497	4,753,139	4,892,355
Current Liabilities						
Trade and other payables	76,366	114,185	166,217	239,321	198,136	197,276
Amount due to related companies	99,520	85,276	70,598	32,801	67,676	71,028
Interest bearing loans and borrowings	351,102	2,036,200	362,326	229,840	211,351	211,351
Leases liabilities	2,555	4,863	5,511	5,511	5,511	5,511
Income tax payable	3,657	7,713	7,722	7,587	7,436	7,324
Bank overdraft	161,347	253,820	559,469	619,964	636,910	470,676
Total Current Liabilities	694,547	2,502,057	1,171,843	1,135,024	1,127,020	963,167
Total Liability	4,172,623	4,552,017	5,472,565	5,958,521	5,880,159	5,855,522
Total Equity & Liabilities	5,466,232	5,402,743	5,283,868	5,302,077	5,130,429	5,061,539

APPENDIX 3 - HISTORICAL STATEMENT OF FINANCIAL POSITION (CONTD.)

Historical Balance Sheet - Browns Beach Hotels PLC - Company Only						
LKR '000	2020/21 (A)	2021/22 (A)	2022/23 (A)	2023/24 (A)	2024/25 (A)	2025/26 Q1 (M)
Assets						
Non-Current Assets						
Investment property	1,100,000	1,100,000	1,100,000	1,100,000	1,187,920	1,187,920
Investments in subsidiary	2,700,000	2,700,000	2,530,168	2,530,168	2,530,168	2,530,168
Right of use assets	2,759	2,447	2,135	1,823	1,511	1,431
Total Non-Current Assets	3,802,759	3,802,447	3,632,303	3,631,991	3,719,599	3,719,519
Current Assets						
Trade and other receivables	97,828	110,549	125,772	140,994	156,217	160,159
Deposits and prepayments	88	324	-	-	-	-
Amounts due from related companies	16,068	11,068	-	-	-	-
Cash and cash equivalents	270	455	543	1,917	140	42
Total Current Assets	114,254	122,396	126,315	142,911	156,357	160,200
Total Assets	3,917,013	3,924,843	3,758,618	3,774,902	3,875,956	3,879,720
Equity & Liabilities						
Equity						
Stated capital	2,383,449	2,383,449	2,383,449	2,383,449	2,383,449	2,383,449
Revaluation reserve	840,807	840,807	840,807	840,807	840,807	840,807
General reserve	10,000	10,000	10,000	10,000	10,000	10,000
Retained earnings / (accumulated losses)	649,429	657,271	467,568	467,772	529,420	530,576
Total Equity	3,883,685	3,891,527	3,701,824	3,702,028	3,763,676	3,764,832
Non-Current Liabilities						
Deferred tax liability	10,000	10,000	30,000	30,000	56,376	56,376
Leases liabilities	18,390	16,044	15,266	15,033	14,131	14,597
Total Non-Current Liabilities	28,390	26,044	45,266	45,033	70,507	70,973
Current Liabilities						
Trade and other payables	1,068	1,066	1,300	1,376	1,089	1,241
Amount due to related companies	1,315	516	3,890	20,253	34,623	36,725
Leases liabilities	2,555	4,863	5,511	5,511	5,511	5,511
Income tax payable	-	827	827	701	550	438
Total Current Liabilities	4,938	7,272	11,528	27,841	41,773	43,915
Total Liability	33,328	33,316	56,794	72,874	112,280	114,888
Total Equity & Liabilities	3,917,013	3,924,843	3,758,618	3,774,902	3,875,956	3,879,720

APPENDIX 3 - HISTORICAL STATEMENT OF FINANCIAL POSITION (CONTD.)

Historical Balance Sheet - Negombo Beach Resorts (Private) Limited						
LKR '000	2020/21 (A)	2021/22 (A)	2022/23 (A)	2023/24 (A)	2024/25 (A)	2025/26 Q1 (M)
Assets						
Non-Current Assets						
Property, plant and equipment	4,115,568	3,902,389	3,689,732	3,485,221	3,317,407	3,266,782
Right of use assets	62,699	62,004	61,308	60,613	59,917	59,744
Total Non-Current Assets	4,178,266	3,964,392	3,751,040	3,545,833	3,377,325	3,326,526
Current Assets						
Inventories	15,323	23,259	34,055	38,064	38,834	34,148
Trade and Other Receivables	3,003	27,881	42,835	147,368	-	-
Deposits & Prepayments	19,193	18,209	24,586	35,515	27,559	33,918
Tax Receivable	24,454	19,803	1,011	1,011	1,011	1,011
Amount due from Related Parties	185,514	18,224	16,002	63,694	28,879	30,209
Cash & Cash Equivalents	-	289,698	374,134	456,082	38,933	141,603
Trade Debtors	-	-	-	-	168,503	54,282
Inter Company Debtors	-	-	-	-	28,731	12,286
Interest Receivable	-	-	-	-	638	1,977
Short Term Investments	-	-	-	-	307,388	311,588
Total Current Assets	247,487	397,074	492,623	741,733	640,474	621,021
Total Assets	4,425,753	4,361,466	4,243,663	4,287,566	4,017,798	3,947,546
Equity & Liabilities						
Equity						
Stated Capital	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000
Retained Earnings	(2,545,641)	(2,993,932)	(4,001,410)	(4,466,769)	(4,622,401)	(4,667,984)
Total Equity	154,359	(293,932)	(1,301,410)	(1,766,769)	(1,922,401)	(1,967,984)
Non-Current Liabilities						
Interest bearing loans and borrowings	3,224,273	1,763,824	3,622,355	4,061,571	1,692,081	1,643,633
Lease liabilities	117,147	128,495	139,354	153,872	2,398,458	2,565,040
Deferred Tax Liabilities	206,196	240,497	598,011	678,952	761,841	782,134
Retirement Benefits Obligations	10,564	8,422	11,148	13,999	17,660	17,985
Total Non-Current Liabilities	3,558,181	2,141,238	4,370,867	4,908,394	4,870,040	5,008,791
Current Liabilities						
Trade and Other Payables	76,602	114,068	166,838	247,714	-	-
Lease liabilities	7,358	7,358	10,808	11,036	-	-
Interest Bearing Loans & Borrowings	112,970	95,828	67,869	229,840	-	-
Trade Creditors	351,101	2,036,200	362,326	30,501	56,014	52,417
Amounts due to related companies	3,834	6,886	6,895	6,886	-	-
Income Tax Payable	161,347	253,820	559,469	619,964	6,886	6,886
Bank Overdraft	-	-	-	-	636,910	470,676

Continued...

APPENDIX 3 - HISTORICAL STATEMENT OF FINANCIAL POSITION (CONTD.)

BBH Accrued Lease Rental	-	-	-	-	180,150	184,091
Provisions and Other Payables	-	-	-	-	93,285	96,603
Amount due to Aitken Spence PLC	-	-	-	-	13,482	10,112
Amount due to ASHM	-	-	-	-	45,233	51,185
VAT Payables	-	-	-	-	35,088	33,345
NBT/SSCL	-	-	-	-	3,111	1,424
Total Current Liabilities	713,213	2,514,160	1,174,206	1,145,942	1,070,159	906,740
Total Liability	4,271,394	4,655,398	5,545,073	6,054,335	5,940,200	5,915,531
Total Equity & Liabilities	4,425,753	4,361,466	4,243,663	4,287,566	4,017,798	3,947,546

APPENDIX 3 - FORECASTED INCOME STATEMENTS

FIS - Browns Beach Hotels PLC							
LKR	2024/25 (A)	2025/26 Q1 (M)	2025/26 Q2-3 (F)	2026/27 (F)	2027/28 (F)	2028/29 (F)	2029/30 (F)
Other income	103,143,000	3,940,910	11,281,931	15,222,841	15,222,841	15,222,841	15,222,841
<i>Other income Growth</i>	577.5%		-85.2%	0.0%	0.0%	0.0%	0.0%
Staff costs	(2,496,000)	-	(2,745,600)	(3,020,160)	(3,322,176)	(3,654,394)	(4,019,833)
<i>Staff costs Growth</i>	-0.2%		10.0%	10.0%	10.0%	10.0%	10.0%
Amortisation	(312,000)	(78,072)	(234,217)	(312,289)	(312,289)	(312,289)	(260,241)
<i>Amortisation Growth</i>	0.0%		0.1%	0.0%	0.0%	0.0%	-16.7%
Operating expenses	(10,103,000)	(2,240,064)	(1,197,747)	(3,781,592)	(4,159,751)	(4,575,726)	(5,033,298)
<i>Operating expenses Growth</i>	4.9%		-66.0%	10.0%	10.0%	10.0%	10.0%
EBIT	90,232,000	1,622,774	7,104,367	8,108,800	7,428,625	6,680,433	5,909,469
<i>EBIT Growth</i>	3141.1%		-90.3%	-7.1%	-8.4%	-10.1%	-11.5%

FIS - Negombo Beach Resorts (Private) Limited							
LKR	2024/25 (A)	2025/26 Q1 (M)	2025/26 Q2-3 (F)	2026/27 (F)	2027/28 (F)	2028/29 (F)	2029/30 (F)
Net Revenue	1,492,897,042	329,073,135	1,352,524,348	1,884,051,756	2,097,768,459	2,298,083,835	2,520,496,807
<i>Net Revenue Growth</i>	15.3%		12.6%	12.0%	11.3%	9.5%	9.7%
Other income	680,153	9,281,078	2,789,155	6,600,000	6,600,000	6,600,000	6,600,000
<i>Other/income Growth</i>	10.9%		1674.6%	-45.3%	0.0%	0.0%	0.0%
Staff costs	(239,203,976)	(65,485,418)	(211,978,797)	(324,088,256)	(365,234,355)	(401,404,416)	(441,173,814)
<i>Staff costs Growth</i>	15.1%		16.0%	16.8%	12.7%	9.9%	9.9%
Depreciation	(221,599,660)	(55,399,915)	(162,273,403)	(230,255,618)	(255,987,688)	(294,627,098)	(358,090,679)
<i>Depreciation Growth</i>	2.3%		-1.8%	5.8%	11.2%	15.1%	21.5%
Direct Expenses	(238,477,644)	(60,277,323)	(217,417,728)	(329,004,860)	(366,739,970)	(399,198,759)	(429,342,432)
<i>Direct Expenses Growth</i>	6.0%		16.4%	18.5%	11.5%	8.9%	7.6%
Indirect Expenses	(531,609,012)	(113,187,484)	(465,996,596)	(655,139,117)	(716,919,926)	(775,844,173)	(840,164,657)
<i>Indirect Expenses Growth</i>	-3.7%		8.9%	13.1%	9.4%	8.2%	8.3%
EBIT	262,686,903	44,004,073	297,646,978	352,163,905	399,486,519	433,609,388	458,325,225
<i>EBIT Growth</i>	178.9%		30.1%	3.1%	13.4%	8.5%	5.7%

LIST OF CONTACT PERSONS

Nishan Fernando Managing Director BDO Sri Lanka & Maldives	Tel Fax e-mail	+94-11-2421878-79-70 +94-11-2336064 nishan@bdo.lk
Tharushika Muthumalki Manager BDO Sri Lanka & Maldives	Tel Fax e-mail	+94-11-2421878-79-70 +94-11-2336064 tharushikam@bdo.lk

Head Office:

BDO Partners

65/2, Chittampalam A. Gardiner Mawatha,

Colombo 2.

BDO Partners, a Sri Lankan Partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms.





Tel : +94-11-2421878-79-70
+94-11-2387002-03
Fax : +94-11-2336064
E-mail : bdopartners@bdo.lk
Website : www.bdo.lk

Chartered Accountants
"Charter House"
65/2, Sir Chittampalam A Gardiner Mawatha
Colombo 02
Sri Lanka

DECLARATION

05th February 2026

To: Colombo Stock Exchange
04-01, West Block,
World Trade Center,
Echelon Square,
Colombo 1

We, BDO Partners, in connection with the share valuation report dated 13th November 2025 prepared for the proposed delisting of Brown Beach Hotels PLC, hereby declare that:

1. We are neither a related party of Brown Beach Hotels PLC, as defined in Sri Lanka Accounting Standards, nor do we hold a shareholding of 10% or more of the voting rights of the Listed Entity, nor do we receive income or non-cash benefits from the Listed Entity equivalent to twenty percent (20%) or more of our annual income.
2. We have the necessary skills and resources available at our disposal to arrive at an independent opinion in determining the price for which the shares are to be delisted.
3. We have made all inquiries that we believe are desirable and appropriate in order to arrive at an independent opinion.

We hereby declare and affirm that BDO Partners, being the Equity Valuer on behalf of Browns Beach Hotels PLC for the purpose of the proposed delisting, has the authority to give this declaration under the name and style of BDO Partners.

BDO Partners

Partner

Partners : Sujeewa Rajapakse FCA, ACCA, FCMA, MBA. Ashane J.W. Jayasekara FCA, FCMA (UK), MBA. H. Sasanka Rathnaweera FCA, ACMA.
F. Sarah Z. Afker FCA, FCMA (UK), CGMA, MCSI (UK). Dinusha C. Rajapakse FCA, LLB (Hons)(Colombo), CTA, Attorney at Law.
Nirosha Vadivel Bsc (Acc.), FCA, ACMA. R. D. Chamika N. Wijesinghe FCA, BBA (Acc.) Sp. H. M. R. Thilina Ranaweera FCA, BBMgt (Acc.) Sp.

BDO Partners, a Sri Lankan Partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.